THE MINISTER OF SURFACE TRANSPORT (SHRI RAJNATH SINGH) : (a) to (c) The state road from Doboka to Silchar was declared as National Highway No. 54 and then entrusted to the Government of Assam for development and maintenance in May, 1999. Proposals for improvement of riding quality were invited and one estimate for 10 Km. length received from the State Government, has been sanctioned for Rs. 2.94 Crores. The work is targetted for completion by 31-3-2001.

(d) Funds are allocated and released State-wise and not division-wise. A sum of Rs. 42.39 Crores was allocated to Assam Government for development of National Highways during 1999-2000 and a sum of Rs. 9.67 Crores has so far been released as on account payment for the year 2000-2001.

Representations on reduction of rate of Tax on Capital Gains

*515. SHRI ANANTRAY DEVSHANKER DAVE :

SHRI GOPAL SINGH G. SOLANKI :

Will the Minister of FINANCE be pleased to state :

(a) whether a number of representations have been received by the Hon'ble Finance Minister from the MPs and other Institutions prior to presentation of Union Budget 2000-2001 highlighting suggestions on the Income-Tax Act, 1961-section 112-reduced rate of Capital Gains Tax;

(b) if so, whether such suggestions have been considered/are being considered;

(c) updated status thereof; and

(d) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR) : (a) Yes, Sir.

(b) The suggestions have been considered while formulating the proposals for Budget 2000-2001.

(c) and (d) Clause 46 of the Finance Bill, 2000 contains a proposal that the tax on long-term capital gains arising on transfer of units of Unit Trust of India and the units of Mutual Funds, will be limited to 10% of the gains. This is without allowing the benefit of indexation.

The suggestions of extending the benefits of reduced rate of tax to unlisted securities and of allowing benefit of indexation on the reduced capital gains tax rate of 10% were not found acceptable mainly in view of the valuation aspect and the already low rate of tax respectively.

Charges of irregular trade practices against Microsoft Corporation

*516. SHRI V.P. DURAISAMY :

SHRI C. P. THIRUNAVUKKARASU :

Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware of the recent court verdict against Microsoft Corporation on charges of irregular trade practices;

(b) if so, what will be the effect of irregularities on the Indian stock market; and

(c) what measures are proposed to be taken by Government to protect lakhs of small investors likely to be affected by it in the stock market ?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) to (c) The recent court verdict against Microsoft Corporation was regarding violation of US Anti-Trust Laws. The US court verdict apparently had an adverse effect on the stock price of Microsoft. This, along with the general fall in stock prices of technology stocks contirubuted significantly to a fall in the NASDAQ index.

Price fluctuations on stock markets are influenced by multiple factors, which include expectations of investors regarding the performance of the corporate sector and the economy in general, about economic policies of the Government, developments in international capital markets etc. Recently, stock markets have been on a downtrend globally and this has also affected Indian markets.

The objective of the Government and the market regulator is to ensure that capital markets operate in an orderly, transparent safe and fair manner. To ensure this, SEBI has put in place several surveillance and risk containment measures such as capital adequacy, margins and exposure controls.

SEBI has been interacting with the stock exchanges regularly. The exchanges have informed SEBI of the various actions initiated by them including